



## Agricultural and Rural Affairs Bulletin

Welcome to the Lamont Pridmore Agricultural and Rural Affairs Bulletin, our regular publication keeping you up to date with the latest developments relevant to this sector. For further information on these or any other farming or agricultural-related issues, please contact us on 0800 234 6978 or visit [www.lamontpridmore.co.uk](http://www.lamontpridmore.co.uk)

### Farmers and rural businesses urged to take advantage of NIC employment allowance

Farmers and rural businesses are being reminded to see if they are eligible to claim the new National Insurance contributions (NICs) Employment Allowance.

Introduced in April, the allowance offers businesses and charities up to £2,000 off their employer Class 1 NICs bill every year.

However HM Revenue and Customs (HMRC) have revealed that only half of all eligible businesses have claimed their NIC employment allowance.

Latest statistics reveal that 74,000 employers in the North West have benefited from the Employment Allowance, with 25,000 agricultural, forestry and fishing businesses taking up the allowance across the UK.

HMRC say employers can still claim the allowance for 2014-15 even though the tax year has started. HMRC point out that the allowance can only be claimed once for

each employer (or group of employers) and not for each PAYE scheme, so even if an employer receives a reminder to claim the allowance, they must ensure they are only claiming once against one PAYE scheme, especially if the business runs multiple schemes.

Please speak to us to ensure you do not miss out on making your claim for 2014-15.







## Paying casual wages does not need to be taxing

Many farmers and agricultural businesses pay casual wages to employees working outdoors, harvesting crops, tending livestock or beating on great estates.



But what are the tax and payroll implications for doing so?

Well according to guidance from HMRC, you will not have to deduct tax when you pay casual workers if you employ them for two weeks or less, they have not worked for you since the previous 6<sup>th</sup> April and you paid them less than £192.

However their pay is still taxable income by HMRC and these employees must make the tax authority aware of this income via self-assessment and ensure that any tax due is paid.

Any part time or casual workers must be paid through PAYE, deducting tax and National Insurance as normal, if they work for more than two weeks, are a member of the family or work on things other than harvesting or shoot beating.

Even if you don't run a payroll, because you don't deduct tax or National Insurance contributions (NICs), you must still keep a record of each person you pay, including their full name, date of birth, gender, NI number, address and how much you pay them.

Where you do run a payroll, this information must be recorded and reported to HMRC on or

before the employee's first payday – or within seven days of paying them.

For casual farm workers who have no contract of employment and are engaged on an irregular basis, working outdoors (for example harvesting crops), and are paid at the end of each job, NICs must be deducted when the earnings for each job exceeds the Secondary Threshold (ST) for employers and the Primary Threshold (PT) for employees.

If you run a payroll and casual workers work for two weeks or more, you must enter them on the Full Payment Submission (FPS), including a start and finish date and show pay as "irregular" and on the same date. You can also record "one-off" payments, and if you report further payments for the same individual for a separate period, do not include previous payment details.

If a daily-paid casual worker is employed on more than one occasion, you can report their payments within a 7-day period as if there was one single payment if each individual is below the Lower Earnings Limit for NICs, and the FPS is made within the 7-day period allowed for the earliest payment.

For more information on paying casual wages please speak to our farming specialists.

## Tax Planning Tips

### Annual Investment Allowance

To help businesses invest in new plant and machinery, the Government increased the Annual Investment Allowance to £500,000 until 31st December 2015, meaning that 100% capital allowances are available against that amount in this period. If you are planning on purchasing equipment in the next two years, you should consider bringing this forward to maximise your ability to obtain relief on your expenditure. The allowance will fall to £25,000 per annum from 1st January 2016 and there are restrictions on the amount claimable for accounting periods which straddle the 31st December 2015.

### Repairs and maintenance

The cost of repairs to farm equipment and buildings can be offset against income in calculating taxable profits. Farmers may wish

to consider bringing forward repairs to reduce their taxable income. Expenditure incurred before your accounting year end will get relief up to 12 months earlier than otherwise would be the case if expenditure was delayed.

### Tax Payments on account

Farmers who have a clearer picture of their trading position for the year may be able to bring forward or postpone expenditure or claim a reduced tax payment on account.

For example the drop in the milk price could enable postponement of payments on account if annual income is reduced.

If taxable profits are likely to be less for the next tax year, it may be possible to reduce payments on account for the next tax year, and either obtain a refund of part of the payment already made, or reduce or eliminate

a payment due in January 2015. When the next year's accounts have been prepared averaging of profits may also be advantageous but this would be dependent on the taxable profits in the last two tax years.

### Capital Gains Tax

The 2014/15 individual annual allowance for Capital Gains Tax (CGT) is £11,000, meaning gains of up to this amount can be realised without any tax charge. However if this allowance is not used up, it is lost and cannot be carried forward. Farmers should consider whether they have any assets or investments which can be sold and the annual exemption set against any gains arising.

At Lamont Pridmore our experts can guide you through any tax planning opportunities, to enable you to minimise your liabilities.